

Pharmacy Benefit Management Request for Proposal

Recommendation for Award of Contract

December 11, 2015

Background:

- *July 2015:* Released RFP and provided census and utilization data to ten vendors who executed confidentiality agreements and confirmed their intent to bid.
- *September 2015:* Received bid responses from nine vendors – CVS Health, Express Scripts (current vendor), Envision Rx (owned by Rite Aid), Highmark (subcontracting to ESI), Keenan Associates (subcontracting to ESI), Medimpact, Navitus, OptumRx and Welldyne.
- *October 2015:* Segal conducted a cost proposal and minimum requirements evaluation that evaluated each of the nine vendors using historical claims data trended to the RFP time period and applying each bidder's specific guaranteed pricing terms to arrive at an overall cost to the State.
- *October 2015:* Proposal Review Committee (PRC) conducted an initial analysis and review of the proposals received (minimum requirements and financial pricing terms) and approved the recommendation of the Statewide Benefits Office to conduct additional analysis and interviews with: Express Scripts, CVS Health, MedImpact, OptumRx and Highmark. Envision and Welldyne did not meet key minimum requirements related to experience. The proposals from Navitus, Welldyne, Envision and Keenan were not financially competitive.
- *November 2015:* The PRC conducted an in-depth analysis and evaluation of information including best and final pricing (cost proposal based on improved pricing), retail network disruption analysis, formulary disruption, performance guarantees, clinical programs, follow up questions and reference checks) submitted by the five vendors named above as well as participated in interviews (11/2 & 11/3) with each of the finalists. The PRC considered the analysis of bid responses, the presentations and information provided during the finalist interviews, the best and final pricing and the details of reference checks conducted on each of the finalists.
- *December 2, 2015:* The PRC members met to discuss follow up information provided, conducted scoring of the vendors in accordance with the RFP requirements and deliberated regarding a recommendation to the State Employee Benefits Committee.
 - Significant discussion took place over account management expectations, member impacts if another vendor was selected, member lives covered by vendors resulting in ability to garner additional savings and reference checks from current and former clients of the finalists' vendors.
 - Express Scripts and Medimpact ranked equally on the basis of projected financial savings over the current contract at an estimated 16.5% for the initial three year period.

- Estimated three year savings from the other finalists ranged from 8.7% to 15.3% over the current contract terms.
- All finalists demonstrated robust clinical management programs, strong account management support and performance guarantees with varying levels of fees at risk.
- The level of network and formulary disruption varied across the finalists with the exception of Express Scripts, which as the incumbent, represented no network disruption and minimal formulary disruption.
- The individual scoring of each vendor resulted in weighted totals ranging from 6.58 to 9.09 with the top two scores differing by 0.27, a 3% differential.
- The PRC voted to award the contract to Express Scripts based on the following:
 - Significant plan cost savings in the \$30M range in the first contract year;
 - No impacts to members in terms of pharmacy network or clinical program management disruption;
 - Proven ability to accommodate the State of Delaware’s requirements with regards to the Pharmacy Access Act and other plan design and legislative mandates; and,
 - Guarantee to increase the amount of dedicated time by the account manager to administer and support the two pharmacy benefit plans.
- As such the PRC recommends the following:

Recommendation

RESOLVED that with respect to the award of a contract pursuant to the Request for Proposal (RFP) for administration of the State of Delaware’s Pharmacy Benefit Management program, the Proposal Review Committee recommends to the State Employee Benefits Committee as follows:

Contract award for Pharmacy Benefit Management services to Express Scripts for an initial term of three years with two one year renewal options beginning July 1, 2016 for the active and non-Medicare population and January 1, 2017 for the Medicare/EGWP population. Such award shall be subject to approval of the DTI terms and conditions and a finalized contract which shall include performance guarantees and an account manager whose time is 50% dedicated to the State of Delaware account.